

## NEWFIELD



RULES PROCESSING TEAM

MAR 15 2005

W. Mark Blumenshine  
Land Manager

March 14, 2004

Department of the Interior  
Minerals Management Service  
381 Elden Street  
Herndon, Virginia 20170-4817  
Attention: Rules Processing Team

*Via e-mail to [rules.comments@mms.gov](mailto:rules.comments@mms.gov)*

Re: **RIN 1010-AD09**  
Oil and Gas and Sulphur Operations on the Outer Continental Shelf (OCS)  
Suspension of Operations (SOO's) for Ultra Deep Drilling  
Comments – February 14, 2005 Federal Register – Volume 70, Number 29 (7451-7455)  
30 CFR 250.175

Ladies &amp; Gentlemen:

Newfield Exploration Company has reviewed the proposed rulemaking related to SOO's for Ultra Deep Drilling as published in the February 14, 2005 Federal Register and referenced above. Newfield commends the MMS for its efforts to recognize and support new proposed rulemaking related to Ultra Deep exploration. As significant portions of the Gulf of Mexico are currently impacted by drilling moratoria and reserve replacement declines from the Western and Central OCS, it is imperative for the MMS to support new emerging play concepts such as the Ultra Deep in an effort to attract and maintain domestic exploration investment from the Oil & Gas E&P Industry.

Newfield Exploration Company submits the following comments for consideration:

- 1) Newfield supports the proposed rulemaking and the qualification for Ultra Deep exploration by the elimination of the "beneath or adjacent to a salt sheet" reference.
- 2) Newfield would suggest that the MMS further qualify the proposed rulemaking to cover potential hydrocarbon bearing formations that might straddle the 25,000 feet TVD SS delineation depth. Accordingly, Newfield would recommend that the MMS revise the proposed rulemaking to delete all reference to "potential hydrocarbon-bearing formations below 25,000 feet TVD SS" and replace it with "potential hydrocarbon-bearing formations for which all or a portion thereof is anticipated to lie below 25,000 feet TVD SS".
- 3) Newfield interprets the proposed rulemaking for SOO relief to be somewhat general in nature, but far enough reaching in scope to be inclusive of SOO relief covering multiple leases for an individual prospect, geological structure or stratigraphic trap. As a majority of the structures comprising the Ultra Deep play concept are large enough in size to comprise multiple OCS Blocks and leases, protection of multiple leases by SOO relief based upon one prospect operation is necessary in order to justify the significant investment associated with Ultra Deep Exploration. SOO relief covering multiple leases should not be necessarily tied to and dependent upon the formation and approval of a Unit by the MMS.

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4) In addition to the proposed rulemaking related to SOO's, Newfield is of the opinion that longer primary lease terms are warranted and critical to the success of Ultra Deep exploration. Given the technical complexity of this trend, lack of sufficient numbers of services required to aggressively explore (rigs capable of drilling to these depths, tubulars required, etc.) and the timing required to adequately plan a well of this significance (up to 1 year planning horizon), longer primary lease terms will be critical in justifying the significant investment associated with Ultra Deep exploration. In the "Other Possible Solutions" section contained on Page 7453 of the Federal Register, it is stated that the "MMS also considered longer primary lease terms as a way to provide more time to companies that drill to deep depths. However, when leases are issued it is impossible to determine which ones may be suitable for ultra-deep drilling." As Newfield supports the concept of longer primary lease terms for Ultra Deep exploration, we would suggest that the MMS consider a process for granting a primary lease term extension of a 5-year or 8-year (5+3) lease. The process could be similar to that associated with the request for an SOO, with the requirement that the Lessee identify the Ultra Deep Prospect, work plans, timing, etc., and if the Lessee is in compliance with applicable regulations to be developed, the MMS would grant a primary lease term extension of 5 years versus an SOO. Thus, the obligation would fall upon the Lessee to justify a primary lease term extension as opposed to the MMS attempting to make the determination prior to the issuance of a lease.

Newfield has been a leader and significant participant in the development of this Ultra Deep exploration play concept. Newfield currently controls in excess of 80 OCS blocks covering numerous Ultra Deep prospects and is a participant in the Blackbeard West Prospect which ExxonMobil is currently drilling toward a proposed total depth of approximately 32,000' TVD SS. It is our position that the expansion of current MMS regulations such as the proposed rulemaking published in the Federal Register, as well as other concepts as set out herein, are critical to the success of this important exploration trend and we encourage the MMS to continue to evaluate and propose new regulations in support thereof.

Thank you again for your efforts on this proposed rulemaking and we appreciate the ability to submit these comments for your further consideration. Should you have any questions, please do not hesitate to contact me at 281-847-6037.

Respectfully,



W. Mark Blumenshine  
Land Manager

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